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Intelligence Memorandum

Argentina: Increasing Military Involvement in Government

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President Peron's departure for the month's vacation on September 14 has increased speculation that the way is being paved for her quiet removal from office. Although she clearly needs the rest, her leave of absence may be designed to test public reaction and even to accustom Argentines to a government without an active president. Her vacation will also be a testing period for Acting President Italo Luder, for the able new economy minister, Antonio Cafiero, and especially for the leaders of the armed forces, who last month reluctantly but firmly intervened in the essentially political process of forming the cabinet. The armed forces have also accepted direct responsibility for reducing the incidence and impact of organized terrorism. How well Luder, Cafiero, and the military perform in attacking Argentina's political, economic, and security problems will determine in large part whether the country will muddle through to an orderly presidential election in 1977 or come under increasing military control.

In August the military high command went a long way toward reassuming an overt political role with the almost unanimous decision to retire Vicente Damasco from his active duty military status shortly after his appointment as interior minister. Damasco's chief supporter, army commander General Numa Laplane, was replaced as well. These moves were led by a small group of early opponents of the Damasco appointment, who were joined by colleagues from all three services. Even though the officers acknowledged the President's legal right to name an active duty officer to the cabinet, they believed that Damasco's presence in the government would saddle the armed forces with responsibility for what the high command regarded as a faltering Peronist administration.

The aftermath of the Damasco showdown brought a number of anti-Peronist officers into key positions, notably the posts of commander of the army and of the important regional corps in Buenos Aires. The officers who all along have favored a stronger, behind the scenes role in government have now won out. Chief among these is General Videla, the new head of the army.

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To some degree, the accession of Videla and his colleagues to the highest commands is a repudiation of the tenuous alliance with labor that had resulted in

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military-labor joint efforts to oust welfare minister and presidential adviser Lopez Rega several months ago. Indeed, some of the opposition to Damasco was based on the belief that he was too close to several top labor leaders and would involve the military in a compromising relationship with opportunistic unionists. Prospects for a solid military-labor alliance have been further weakened by labor's divided state and its failure to play a constructive political or social role since Lopez Rega's removal. The disintegration within the labor movement has convinced many that the military has no alternative but to assume a greater political role, since no other individual or institution seems capable of assuming national leadership.

With presidential elections scheduled for the first half of 1977, the armed forces have another reason for increasing, rather than lessening, their influence in national politics. Senior officers are convinced that neither the administration nor the political parties have the ability to prevent the left from mounting a serious electoral campaign of its own or from greatly disrupting the succession process. Indeed, the fact that Damasco as minister of interior would have been responsible for conducting elections, may have been another reason for military opposition to him. He has since been replaced by Foreign Minister Angel Robledo, a capable leader widely respected within the armed forces.

In one area at least, the armed forces have already signaled their intention to act vigorously. The Montonero guerrillas, who claim to be dissident "pure" Peronists, have been outlawed, and there are many indications that the anti-subversive effort will be stepped up. Army chief Videla has mentioned the possibility of extending the army's narrowly focused anti-guerrilla campaign throughout the country and of reviving the concept of a federal organization to coordinate the actions of all security forces. Acting president Luder recently told a US embassy officer that he expects a number of "positive actions" soon by the armed forces and police to combat the terrorists. In this area, at least, many Argentines will welcome armed forces action to check the decline in public security.

A period of relative political calm and an improved economic outlook would reduce the chances of an open military intervention in the government by bolstering the position of those who still favor a constitutional solution. Many officers, still loathe to assume full, undisguised responsibility for running the country, would like to give the civilian administrators—particularly Luder and Economy Minister Cafiero—a chance to succeed. During the coming weeks Luder's performance as acting president will be under close scrutiny. Luder comes into office with few political liabilities or powerful enemies. He is not linked to the past failures of the Peron administration, and he has no close personal ties with President Peron. Luder has been careful to avoid being drawn into major political disputes, in spite of his attendance at cabinet meetings before President Peron's vacation.

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The performance of Cafiero in the economy ministry will be no less important in determining how far the armed forces feel their intervention need go. If he is able to muster political support for needed economic measures, prospects for the continuation of a purely civilian government will be enhanced. Cafiero is in a better position than his predecessor to reconcile economic prudence with political reality. A trained economist with an international reputation, he was a long-time adviser to the Peronist labor confederation. Military leaders apparently feel comfortable with his even-handed approach to his new job. Aware of the hazards, Cafiero thus far has moved cautiously. He has, for example, emphasized that the period of "shock treatment" for the economy is over and has publicly ruled out further sizable devaluations in favor of more frequent small devaluations. His public statements have been characterized by expressions of sympathy for the problems of all sectors, an optimistic tone, and avoidance of major policy shifts. He scored an early success by negotiating a sizable financial aid package to deal with the country's serious balance of payments situation. Despite the economy minister's labor ties, however, the unions could provide his first serious challenge. The workers, who have been unwilling to accept past austerity measures, are likely to balk if and when such measures are again implemented.

The Luder-Cafiero-Robledo team has filled, at least for a time, a political vacuum that threatened to attract either a Peronist strongman or more direct military intervention in the government. Military leaders should be able to work well with the new civilian leaders, who will be careful to consult with the high command before making major decisions. We believe that only under conditions such as continuing economic deterioration and massive labor violence, or the eruption of a terrorist campaign of unprecedented magnitude would the military feel compelled to take a stronger, more open hand in the government.

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